

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY LONDON IMMEDIATE

C O N F I D E N T I A L STATE 051243

FOLLOWING SENT ACTION SECSTATE INFO ABU DHABI BEIRUT
DHAHRAN DOHA JIDDA LONDON MANAMA OECD PARIS EC BRUSSELS
FROM KUWAIT MAR 5

QUOTE C O N F I D E N T I A L KUWAIT 1037

E.O. 11652: GDS

TAGS: ENRG, KU

SUBJECT: LOCAL PRESSURES GROW TO NATIONALIZE KUWAIT OIL COMPANY

1. EXXON REP BAKER TOLD AMBASSADOR THAT MINISTRY OF OIL ACT-
ING UNDERSEC ADASANI HAD INFORMED HIM MINISTRY WOULD BE
ISSUING PRESS RELEASE MARCH 5 STATING THAT GOK ASKING GULF AND
BP TO COME TO KUWAIT TO DISCUSS DISPOSITION OF THEIR 40 PERCENT
OWNERSHIP OF KOC.

2. ACCORDING BAKER, ADASANI SAID DECISION ISSUE PRESS RELEASE
WAS OUTGROWTH OF GOVT CRISIS WHICH DEVELOPED MARCH 4 (SEPTEL).
WHILE NOT WILLING MAKE ANY FIRM PREDICTION, ADASANI DID NOT
RULE OUT POSSIBILITY GOK WOULD BE ABLE TO DRAG OUT DEBATE WITHIN
NATIONAL ASSEMBLY ON NATIONALIZATION OF KOC FOR SOME WEEKS OR
EVEN MONTHS.

2. IN TELEPHONE CONVERSATION KOC MANAGER STRAND CONFIRMED ABOVE
POINTS AS CORRECT, AND SAID THAT HE HAS CABLED GULF OIL COMPANY TO
SEND REP HERE.

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3. COMMENT: RECENTLY GOK, IN STATEMENTS BY ATEEQI AND MIN

OF OIL KAZEMI (KUWAIT 924), HAVE MADE PUBLIC STATEMENTS INDICATING GOK NOT INTERESTED IN NATIONALIZING KOC NOW. NATIONALIZATION QUESTION, HOWEVER, IS MOST HANDILY IMPORTANT, POLITICALLY SENSITIVE ISSUE OPPOSITION ELEMENTS IN INDEPENDENT-MINDED, NEWLY ELECTED NATIONAL ASSEMBLY CAN GRASP. IT IS ANALOGOUS TO PREVIOUS OIL-RELATED ISSUES SUCH AS LIMITING PRODUCTION OR INSISTING ON GREATER LEVEL OF GOK PARTICIPATION IN KOC THAN GOVERNMENT SOUGHT. ON THOSE OCCASIONS NATIONAL ASSEMBLY USED SENSITIVE OIL ISSUE TO DRAMATIZE OPPOSITION TO GOK POLICIES. AND ON BOTH OCCASIONS NATIONAL ASSEMBLY SIGNIFICANTLY AFFECTED UTIMATE GOVDERNMENT POLICY ON IMPORTANT OIL-RELATED MATTER. WE ANTICIPATE GOK WILL TRY TO STALL, THAT LEGISLATURE WILL MAINTAIN PRESSURE AND THAT ISSUE WILL DOMINATE NATIONAL ASSEMBLY OVER SPRING.

STOLTZFUS
UNQUOTE INGERSOLL

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